

FISCAL MEMORANDUM

HB 609 – SB 1383

May 24, 2007

SUMMARY OF AMENDMENT (009364): Deletes the language of the original bill. Redefines the term “municipality,” as it applies to the Convention Center and Tourism Financing Act (CCTFA), to include metropolitan forms of government. Redefines the term “qualified public use facility (QPUF),” as it applies to the CCTFA, to include any privately owned or operated amusement or theme park that invests more than \$100.0 million.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – The fiscal impact for this bill is dependent upon multiple unknown factors. As a result, a statistically-significant fiscal estimate cannot be determined. Also, if any such qualified public-use facility is constructed regardless of the outcome of this legislation, then state tax revenues would decrease by an amount dependent upon the extent of taxable sales that will occur at such facility. If the construction for any such qualified public-use facility is contingent upon the passage of this legislation, then the state would forego state tax revenues equal to an amount dependent upon the extent of taxable sales that will occur at such facility. Any decreased or forgone state revenues would result in a corresponding increase to local government revenues, which would be earmarked exclusively for retiring debt incurred for the construction of the qualified public-use facility. While a statistically-significant fiscal estimate cannot be determined, it is reasonable to suggest that the decrease or foregone state revenues, and the corresponding increase to local government revenues, will exceed \$2,000,000 per year.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Forgone State Revenues – Exceeds \$2,000,000
Increase State Expenditures - \$12,000 One-Time

Increase Local Govt. Revenues – Exceeds \$2,000,000

Other Fiscal Impact - This fiscal memorandum omits any potential impact that could result from the reference to T.C.A. 67-4-3004 in Section 3 of this amendment because such law referenced does not exist at the current time. Such section has been proposed in an amendment to HB2296/SB2198, which has yet to pass either house.

Assumptions applied to amendment:

- Any incremental state sales tax revenue that would be derived from any established tourism development zone (TDZ) would be earmarked to the local government responsible for the debt on any such QPUF (an amusement or theme park) constructed. Any incremental state sales tax revenue would be earmarked for paying the debt on any such QPUF.
- Any incremental local option sales tax revenue that would be derived from the established TDZ would be allocated based on a resolution passed by such municipality.
- The incremental sales tax revenue (state and local) is dependent upon multiple unknown factors such as (1) the number of tourism development zones and the number of qualified public use facilities that will be created as a result of this legislation, (2) the total debt incurred on qualified public use facilities, and (3) the extent of incremental taxable sales that will occur within newly created tourism development zones.
- Due to multiple unknown factors, a precise estimate for incremental sales tax revenues cannot be determined. However, the Department of Revenue has indicated that the incremental state sales tax revenue is reasonably estimated to exceed \$2,000,000 per year.
- The incremental state sales tax revenue, reasonably estimated to exceed \$2,000,000 per year, is considered forgone revenue to the state and an increase of revenue to local governments.
- The one-time increase to state expenditures for computer and software enhancements is estimated to be \$12,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rnc